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H. E. H. The Nizam's State Railway.



Seventh Report of the Railway Board.

14th June, 1938.

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Seventh Report of the Railway Board Covering Revenue and Expenditure of 1936/37 and the Budget Estimates for 1938/9.

1. This report is submitted to the Executive Council in accordance with paragraph 4 of the Constitution of the Railway Board. Hitherto the Report of the Railway Board has not been issued in September when the accounts and statistics of the previous year are available but has been deferred until the following April or May when the Budgets for the following year have been sanctioned. In future, subject to the approval of Council, the Board will submit in September their report on the budgets for the year commencing the previous April and on the accounts of the year ending the previous March. It is accordingly intended to issue the eighth report of the Railway Board about September, 1938.

The effect will be that future reports will deal with two immediately consecutive years, *i.e.*, with the revenue, expenditure and operations of one year and the Budget of the following year. The reports hitherto have ordinarily been written in the middle year of a three-year period and have dealt with the revenue, expenditure and operations of the first year of the period and the Budget of the last year of the period.

2. The Board met regularly in London throughout the past year from April, 1937. One meeting only was held in Hyderabad, on 5th March, 1938, at which Sir Akbar Hydari and Mr. Lloyd Jones were present and the Budgets for 1938/39 were passed, subject to any orders that might be issued by the Board in London. Mr. D. S. Burn, C.I.E., vacated his seat on the Board on 31st March, 1937, and Sir Frank Noyce, K.C.S.I., C.B.E., joined the Board on 1st November, 1937.

3. The currency throughout this report is in British rupees.

REVENUE, EXPENDITURE AND OPERATIONS, 1936/37.

4. Mr. P. H. Maffin, O.B.E., M.C., who had been the Board's Agent since 16th March, 1931, was succeeded on 1st April, 1936, by Major E. W. Slaughter, M.B.E.

5. There was no change in the length of railway (open line) controlled by the Board, which consists of H.E.H. the Nizam's State Railway, 1,290 miles long, and two railways aggregating 58 miles in length owned by the Government of India, but worked by H.E.H. the Nizam's State Railway on behalf of the Government of India. The construction of a branch line 12 miles long from Jankampet to Bodhan was commenced in August, 1936.

6. The undertaking included at the end of 1936/37, passenger and goods road services over 3,977 miles of roads, an increase of 2,623 route miles during that year. Goods services and collection and delivery services were commenced on a small scale.

7. The following table summarises the revenue and expenditure of 1936/37. The actuals for 1935/36, the latest estimate for 1937/38, and the budget for 1938/39 are also exhibited in the same table for convenience of comparison. The figures embrace the whole revenue and expenditure of the undertaking, *i.e.*, they include the road services, but exclude the Government of India section of the system.

	Actuals 1935-36 <i>vide</i> last report.	Actuals 1936-37.	Latest estimate 1937-38.	Budget 1938-39.
	Rs. lakhs.	Rs. lakhs.	Rs. lakhs.	Rs. lakhs.
GROSS EARNINGS:—				
Coaching	67.5	67.5	232.0	222.3
Goods	129.5	144.3		
Miscellaneous	3.5	4.0		
	200.5	215.8	232.0	222.3
Road services	13.3	23.0	29.4	36.2
TOTAL	213.8	238.8	261.4	258.5
WORKING EXPENSES:—				
General administration	33.8	31.6	108.0	113.8
Ordinary repairs	32.6	26.5		
Operating expenses	33.4	33.1		
Replacement and renewals	15.0	16.2		
	114.8	107.4	108.0	113.8
Road services	10.9	19.2	27.4	31.5
TOTAL	125.7	126.6	135.4	145.3
Net earnings of H.E.H. the N. S. Railway including road services	88.1	112.2	126.0	113.2

8. The Capital at charge on 31st March, 1937, including expenditure on road services, was Rs. 15.1 crores, and the net revenue Rs. 112.2 lakhs. This represents a yield of 7.4 per cent. on the capital at charge as compared with 6.2 per cent. in 1934/35 and 6 per cent. in 1935/36. The yield on the aggregate capital of all Class I Railways in India was 3.9 per cent. in 1934/35, 4 per cent. in 1935/36, and 4.4 per cent. in 1936/37.

9. The net earnings of H.E.H. the Nizam's State Railway (1,290 route miles) were Rs. 108.4 lakhs (excluding road services), being Rs. 22.7 lakhs more than the previous year. The railway gross earnings increased by Rs. 15.3 lakhs and the working expenses decreased by Rs. 7.4 lakhs. The working ratio decreased from 57.2 per cent. to 49.7 per cent.

10. The increase in the gross earnings of the system as a whole (excluding road services) was Rs. 16.9 lakhs, accounted for entirely in goods traffic and miscellaneous earnings. The principal increases under goods were in coal (Rs. 4.17 lakhs), cotton (Rs. 4.62 lakhs), cotton seed (Rs. 1.35 lakhs) and ground nuts (Rs. 3.71 lakhs). Special rates were quoted to foster indigenous industries but on the whole the average revenue per freight ton mile was slightly higher than in the previous year.

11. Expenditure on revenue account (excluding road services) was Rs. 7.03 lakhs less than in the previous year and is accounted for as follows. The cost of maintenance of way and works was reduced by Rs. 2.23 lakhs,

the reserve for depreciation was increased by Rs. 1.3 lakhs, and the reorganization of rolling stock repairs referred to in paras. 8 and 9 of the Board's sixth report accounted for a saving of Rs. 6.06 lakhs. There was little change in operating expenses and general supervision in spite of an increase of 6 per cent. in the traffic moved.

12. The reorganisation which resulted in the saving of Rs. 6.06 lakhs included the reduction of workshop establishment and the payment of special gratuities to the discharged workmen. The cost of these gratuities, amounting to Rs. 2 lakhs, was charged in the 1935/36 accounts and there is no corresponding charge in the 1936/37 accounts. The balance of Rs. 4.06 lakhs is the reduced cost of maintenance of rolling stock resulting from reorganisation and reduction of staff for which the present Agent, Major Slaughter, is mainly responsible. It is very remarkable that this measure of economy has proved at least as important when considered as a measure of increasing efficiency. In spite of the reduction in strength the increased output of the shops reported in the Board's sixth report has been maintained and the average amount of stock under repair still further reduced. An illustration may be found in the course of engine failures, which fell from 74 to 51 in 1935/36 and have been further reduced to 35 in 1936/37. The improved standard of punctuality of trains reported last year has been maintained.

13. There were two serious accidents on the metre gauge during the year—one, attributed to the parting of couplings, unfortunately resulted in the loss of four lives and serious injury to 12 other passengers. The other was due to the reckless driving over a level crossing of a private lorry filled with holiday makers. In this case 16 were killed and 8 injured. It is regrettable that there was an increase in the number of railway servants injured during the year. There was a further decrease in days lost on account of sickness.

14. The following table shows the progress of the road services.

Year.	Route miles at end of year.	Average vehicle miles per day.	Gross earnings.	Working expenses.	Net earnings.	Ratio of net earnings to gross earnings.
			Rs. lakhs.	Rs. lakhs.	Rs. lakhs.	%
1932-33 ...	284	2,314	2.84	2.48	0.36	12.64
1933-34 ...	595	3,444	5.76	5.01	0.75	13.00
1934-35 ...	1,232	6,178	9.82	8.26	1.56	15.91
1935-36 ...	1,354	8,559	13.34	10.93	2.41	18.07
1936-37 ...	3,977	16,833	22.96	19.15	3.81	16.61
1937-38 ... (forecast)	4,078	21,804	29.44	27.36	2.08	7.06
1938-39 ... (budget)	—	24,326	36.26	31.57	4.69	12.93

15. The net revenue from the road services yielded a return of 10 per cent. for 1933/34 and 1934/35, 10.7 per cent. for 1935/36, and 8.1 per cent. for 1936/37.

16. The total net earnings of railway and road services for 1936/37, namely, Rs. 112.2 lakhs, were Rs. 37.4 lakhs in excess of 5 per cent. on the capital at charge. As they exceeded Rs. 107 lakhs specified in paragraph 3 of the Constitution, the surplus over that figure, *i.e.*, Rs. 5.2 lakhs, plus Rs. .3 lakh interest on survey expenditure, was paid to the Reserve Fund.

17. The expenditure on capital account during the year was Rs. 27.2 lakhs, of which Rs. .7 lakh was for new lines and surveys, Rs. 1.8 lakhs for stations and buildings, Rs. 1 lakh for other open line works, and Rs. 23.7 lakhs for road motor transport.

18. The expenditure on renewals charged to the Depreciation Fund was Rs. 5.8 lakhs on account of railways and Rs. 2.3 lakhs on account of road services. The balances at credit of the fund at the end of the year were : Railway, Rs. 53.9 lakhs, and R.M.T.S., Rs. 8.8 lakhs.

19. The construction of a short metre gauge branch line from Jankampet to Bodhan, 12.04 miles, was commenced in August, 1936, to serve a sugar factory under construction at Bodhan.

20. The Reserve Fund, which was credited with Rs. 1.98 lakhs in 1930/31 and exhausted by appropriation to capital account in 1933/34, was again placed in credit by Rs. 5.5 lakhs as mentioned above.

REVENUE BUDGET FOR 1938/39.

21. The figures in the railway budget relate to the entire railway system, that is, they exclude the road services but include the railways worked for the Government of India. The gross earnings of the system as thus defined were Rs. 208.7 lakhs in 1933/34, Rs. 214 lakhs in 1934/35, Rs. 211.9 lakhs in 1935/36, Rs. 228.8 lakhs in 1936/37, and will probably amount to about Rs. 246 lakhs in 1937/38. The Budget estimate of the gross earnings for 1938/39 is Rs. 235 lakhs (*vide* para. 22), which is Rs. 11 lakhs less than the latest estimate for 1937/38.

22. The last line of the following statement compares the budget estimate of the net earnings of H.E.H. the Nizam's State Railway (including those from road transport) in 1938/39 with the latest estimate of the net earnings for 1937/38 and the actuals for 1936/37.

	Actuals 1936-37.	Latest estimate 1937-38.	Budget 1938-39.
	Rs. lakhs.	Rs. lakhs.	Rs. lakhs.
Gross earnings of the railway system	228.8	246.0	235.0
Do. road transport	23.0	29.4	36.2
TOTAL	251.8	275.4	271.2
Working expenses of the railway system	114.1	115.0	120.8
Do. road transport	19.2	27.4	31.5
TOTAL	133.3	142.4	152.3
Net earnings of the railway system and road services ...	118.5	133.0	118.9
Do. Government of India lines	6.3	7.0	5.7
Do. Nizam's Government undertaking ...	112.2	126.0	113.2

23. In reporting on a period of marked recovery of the railway, the Board desire to place on record their appreciation of the excellent work of the Agent, the other officers and all the staff throughout the line.

A. HYDARI,
President.

J. B. BRUNYATE,
Chairman.

C. W. LLOYD JONES,
Managing Director.

J. E. JACKSON,
FRANK NOYCE,
Directors.

LONDON,

14th June, 1938.

